

## **Environmental Social & Governance (ESG) letter from our President & CEO**

*September 20, 2021*

Today, what is frequently described as environmental, social and governance or ESG, is really a new reference to what has been in place at The Willamette Valley Company LLC (WVCO) since our founding in 1952. We view ESG simply as the smart way of doing business and consider this a part of our core values and culture. We have an unwavering devotion to our customers and communities; we invest in our employees and do our best to foster a diverse and inclusive workplace; we uphold a culture that reinforces integrity, treating each other with mutual respect, fairness and responsibility; and, we recognize the enduring value of environmental protection, workplace health, and sustainability in our business and operations.

Ultimately, our long-term business success depends on the success of our customers and in the communities we serve. Our ESG policy will help you learn more about the ways we strive to operate a thriving company that we can be proud of, and all the ways WVCO is putting its business to work for our customers and employees. Our values have guided us in taking ownership of environmental, social, and governance matters. Our culture and diverse workforce have always been, and will continue to be, core strengths for WVCO. We encourage and pursue both civic and non-profit involvement by WVCO employees.

I am extremely proud to lead WVCO and inspired by the passion of our employees to continue making valuable contributions on environmental, social, and governance matters. We look forward to sharing a great future together.

*John Murray, President & CEO, The Willamette Valley Company LLC*

# Environmental, Social, Governance (ESG) Policy for WVCO

The Willamette Valley Company LLC (WVCO) has built its reputation on being there for our clients, customers and communities. Understanding, anticipating and effectively managing environmental, social and governance (ESG) matters is critical to delivering on our mission. Now, more than ever, a strong focus on ESG is a key driver of long-term business success.

At WVCO, ESG matters are an important consideration in how we do business, including our corporate governance systems, risk management and controls, human capital management, approach to serving clients and customers, support for local communities and management of our physical operations. We recognize the potential for ESG-related risks, which we work to identify and manage just as we manage risk in all areas of our business.

The following are the ESG topics we have identified as the most relevant to our business and of greatest interest to our customers, our employees and the communities in which we do business:

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## Environmental

### Managing Environmental and Social Risks

Understanding our clients' approach to, and performance on, environmental and social matters is an important component of WVCO's risk management process that helps us make more informed risk decisions, continue to serve our customers responsibly and safeguard our financial resilience. WVCO's risk management and oversight framework, including for environmental, social and climate-related risks, is managed on a company-wide basis.

WVCO values strong environmental performance, responsible use of natural resources, and pollution prevention/elimination, that it has applied and will continue to apply continuous improvement capabilities to this end. WVCO rigorously manages any hazardous materials and other environmental risks. We continuously reinforce a culture of environmental care and respect for the law and regulations. We conduct periodic reviews of environmental risks and WVCO's compliance with regulations.

WVCO has a culture committed to the development of safer products where innovation is the key driver to maintain product quality while improving a product's sustainability and environmental aspects.

### Sustainability Program

This program defines strategies to address sustainability through a culture of transparency, environmental stewardship and corporate responsibility. Strong support exists from executive leaders for integration and centralization of sustainability into business operations. An Environmental, Health and Safety (EHS) management system that tracks performance at both a micro and macro level enables WVCO's EHS management team to drive continuous improvement of daily work processes and promote operational excellence enterprise-wide.

Because sustainability is more than just environmental, health, safety, or any of its parts, WVCO acknowledges the significance of managing all aspects of corporate and social responsibility with increasing consistency and effectiveness. Efforts are made across facilities, work practices and products to minimize the impact of our operations on the environment.

These activities are divided across sustainability aspects and are derived using both qualitative and quantitative approaches. These include but are not limited to estimation and reduction of greenhouse gas emissions and volatile organic compounds, use of vehicles and equipment, recognition of impacts to the community and the environment, quantification and minimization of wastes, conservation of energy and water, and efforts to transition in product development toward safer chemical alternatives.

### **Operational Sustainability**

Minimizing the environmental impact of our physical operations is an important part of our overall sustainability strategy. Doing so supports our commitment to operating responsibly, enhances the resiliency of WVCO and reduces the cost of doing business.

## **Social**

### **Human Capital**

At WVCO, our people are integral to our success. Our human capital strategy is focused on creating and maintaining a safety-first culture. We strive to attract, develop and retain a high-performing, global, diverse workforce where we deliver exceptional service and innovative solutions to our clients, customers and communities.

It is WVCO's policy and our long-held belief that we will provide equal employment opportunities to all qualified employees and applicants for employment without regard to race, color, sex, sexual orientation, religion, age, national origin, disability, veteran status, marital status or other factors protected by law. The policy applies to the terms and conditions of employment, including, but not limited to, hiring, promotion, termination, layoff, leaves of absence, wages and benefits. WVCO prohibits any verbal, physical or visual conduct of a sexual, racial, ethnic, religious or other type which impairs the employee's ability to perform their job, and/or which creates an offensive, intimidating or hostile working environment.

### **Creating an Inclusive Culture**

We believe that a talent-driven company is a diverse one. We work hard to maintain a positive culture of mutual respect, no matter the person's background, from how we serve our clients and develop products and services, to the ways we help communities and support our employees. We foster an environment in which our employees can feel they belong and succeed.

The criteria for selecting individuals for positions at WVCO are designed to identify the best candidate for a specific position, based on the qualifications and abilities required to do the job. When making hiring decisions, WVCO reviews information from written applications, personal interviews, references from previous employers, and other sources where appropriate.

## **Attracting and Retaining Top Talent**

We are focused on attracting, hiring, and retaining talented individuals in all roles and career levels, from internship programs for students to full-time positions for experienced professionals. To achieve diverse hiring and representation outcomes at all levels, diverse slates are an important consideration in our comprehensive recruiting efforts, and we track and monitor data about the use of diverse slates accordingly.

## **Skills-Based Hiring**

To broaden the applicant pool for opportunities within our business, and to build a diverse workforce, we take a skills-based approach to hiring for many jobs. This means we proactively evaluate degree requirements for roles and, where appropriate, focus on the skills of job candidates rather than degrees held, along with motivation and work ethic. To support this, we are increasingly partnering with community colleges and looking to apprenticeship programs and other training programs to source the talent we need.

## **Investing in Our Human Capital**

Supporting our employees' professional development and career growth is core to our human capital strategy. We invest in employee training each year, including required programs for new hires and existing employees, along with a range of training programs focused on topics from leadership development and technology to risk, compliance and business processes. We are committed to developing a strong, diverse bench of talent across WVCO, with a dedicated focus on the pipeline for our senior leadership positions. Our leadership development efforts help train managers and leaders to drive results, support their teams, lead inclusively and grow talent.

Over the past few years, WVCO has significantly expanded efforts to help ensure employees have access to the training and education they need to prepare them for future work opportunities, and the pursuit of other roles within our business.

Our strategy is driven by the recognition that investing in our existing employees—who already know our culture and are committed to WVCO—to help them adapt to changes in our business is the most effective and efficient way we can ensure we have the talent we need to compete. Employees receive a personalized development plan in support of their career goals through internal learning programs or through external educational organizations designed to prepare employees for new and expanding roles at WVCO.

## **Providing Competitive Wages and Good Benefits**

We are committed to providing fair compensation, benefits programs, and policies that support the needs of our employees and their families. We offer a comprehensive benefits and wellness package to our employees and their families, including health care coverage, retirement benefits, life and disability insurance, employee assistance programs, and competitive vacation and leave policies. We ensure competitive wages and benefits through periodic benchmarking and market-based increases. Our goal is to be a desired place to work, providing good paying jobs with benefits.

## **Pay Equity**

We conduct periodic pay equity reviews covering employees at all levels within WVCO. We are proud of the overall diversity of our workforce. However, we also know that women and ethnically diverse employees should be represented as much as any other group of employees. Despite the significant progress we have made, we are taking a variety of actions focused on hiring, retaining, developing and advancing women and ethnically diverse employees, especially at more senior levels. We measure turnover and conduct exit interviews as a way of measuring our effectiveness in this area.

## **Community Engagement and Recognition**

WVCO strives to enhance existing programs and find new meaningful ways to engage in its communities through volunteerism, philanthropic work, partnerships with local colleges, etc.

Below are a few examples of activities WVCO has been involved with...

- University of Oregon Robert G. Harrison Memorial Scholarship Endowment Fund
- Investment in the Oregon State University Oregon Forest Science Complex
- Partnership with the OSU Friends of Renewable Materials Scholarship Fund
- Annual donations: Children's Miracle Network, Project Hope, Cascade Health Foundation, Lane Community College
- Donations to local high school robotics programs/competitions
- Annual holiday charity food drives
- Disaster Relief Plan for employees if they need assistance as a result of declared qualified disasters
- Hurricane and other natural disaster relief supplies and recovery materials

## **Military Leave of Absence**

Employees absent from work due to an approved military leave will retain active employee status and eligibility for participation in WVCO benefit plans.

## **Governance**

Our governance structures and processes strive to promote accountability, transparency and ethical behavior—and we regularly evaluate and enhance them to help us operate at the highest levels of performance in all aspects of our business.

### **Board of Managers**

WVCO operates with a Board of Managers and has adopted good governance practices. Our Board of Managers brings a strong combination of executive experience and skills aligned with our business and strategy. Apart from our President & CEO, all of our Board of Managers are independent from the direct management of the day-to-day operations of WVCO.

Our Board oversees the business through the following committees that provide rigorous oversight of financial risks and alignment of compensation: the Compensation Committee and the Audit Committee.

WVCO's corporate governance principles and the charters of the Board of Manager's standing committees establish a framework for the governance of the Board of Managers and oversight of WVCO. Each of the Board of Manager's committees also plays a role in reinforcing our commitment to operating in accordance with our corporate standards and values.

### **Senior Management**

Our management structure is intended to encourage effective leadership that is consistent with our corporate standards, promote a strong corporate culture, and maintain effective leadership and management practices. We manage our Company on a business-unit basis, while also maintaining strong corporate functions and appropriate governance of our subsidiaries.

WVCO's most senior management body is the Executive Team, which is responsible for developing and implementing corporate strategy and managing operations. Our management incentives are aligned with those of the shareholders. The Executive Team ensures that the EHS function collaborates with others in every activity. This underscores the traditional role of the EHS function as inherently cross-disciplinary, as well as the trend toward integrating EHS culture into all aspects of our business.

### **Ethical Culture**

Earning and maintaining the trust of customers, clients and other stakeholders is essential to our business. To do this, we strive to maintain the highest ethical standards, as encompassed by our Business Principles, Code of Conduct and other internal policies. Every employee is responsible for upholding these standards in their work. We reinforce these expectations through various channels, including our Code of Conduct and Culture of Respect trainings, and by encouraging our senior leaders to communicate about these issues clearly and frequently with employees. In addition, as part of the annual review process, employees are evaluated against core values that include delivering business results; addressing the needs of clients, customers and stakeholders; fostering a collaborative and inclusive environment; driving a robust risk and control environment; and acting with integrity.

We recognize that clear expectations, policies and processes are critical to supporting ethical behavior, and building a culture that reinforces those expectations is equally important. We work to create an environment that not only supports ethical behavior but also allows employees to feel safe and empowered to speak up if they have concerns about unethical behavior. We have implemented employee training, protocols and reporting mechanisms to help prevent behavior that is not in line with our Business Principles, Code of Conduct and other internal standards. We prohibit retaliation against any individual who reports a concern or assists with an inquiry or investigation.

### **Listening and Responding to Our Customers**

We believe that the best way to grow our business is to treat our customers well, which is why we are focused on delivering a great customer experience. We regularly engage with customers, consumer groups and other stakeholders with a goal of developing products, services and approaches that are responsive to their needs and address the issues that matter most to them. We solicit customers' direct feedback on their experiences and needs through a range of channels. We take this feedback seriously and use it to improve our approach and offerings.